

House File 2091 - Introduced

HOUSE FILE 2091

BY MOHR

A BILL FOR

1 An Act establishing a motor vehicle insurance verification
2 program, establishing fees, providing penalties, and
3 including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.11, subsection 3, Code 2024, is
2 amended to read as follows:

3 3. Notwithstanding other provisions of **this section** to the
4 contrary, the department shall not release personal information
5 to a person, other than to an officer or employee of a law
6 enforcement agency, an employee of a federal or state agency
7 or political subdivision in the performance of the employee's
8 official duties, a contract employee of the department of
9 inspections, appeals, and licensing in the conduct of an
10 investigation, or a licensed private investigation agency
11 or a licensed security service or a licensed employee of
12 either, if the information is requested by the presentation
13 of a registration plate number. However, the department may
14 release personal information to the department's designated
15 agent for the purposes of complying with chapter 321B. In
16 addition, an officer or employee of a law enforcement agency
17 may release the name, address, and telephone number of a motor
18 vehicle registrant to a person requesting the information by
19 the presentation of a registration plate number if the officer
20 or employee of the law enforcement agency believes that the
21 release of the information is necessary in the performance of
22 the officer's or employee's duties.

23 Sec. 2. NEW SECTION. 321B.1 **Definitions.**

24 As used in this chapter:

25 1. "*Advisory council*" means the group established pursuant
26 to section 321B.2, subsection 2.

27 2. "*Database*" means the motor vehicle insurance verification
28 database created under this chapter.

29 3. "*Department*" means the state department of
30 transportation.

31 4. "*Designated agent*" means the third party with which the
32 department contracts under section 321B.2.

33 5. "*Financial institution*" means financial institution as
34 defined in 18 U.S.C. §20.

35 6. "*Motor vehicle*" means the same as defined in section

1 321.1.

2 7. "*Program*" means the motor vehicle insurance verification
3 program created under this chapter.

4 8. "*Real-time internet services model*" means an electronic
5 service established by insurers through the internet, the
6 world wide web, or a similar proprietary or common carrier
7 electronic system that complies with the specifications and
8 standards of the insurance industry committee on motor vehicle
9 administration and that is available twenty-four hours per
10 day, seven days per week, subject to reasonable allowances for
11 scheduled maintenance or temporary system failures.

12 Sec. 3. NEW SECTION. 321B.2 Motor vehicle insurance
13 verification program — advisory council.

14 1. A motor vehicle insurance verification program is
15 created within the department to be administered by the
16 department. The purposes of the program include all of the
17 following:

18 a. To establish a motor vehicle insurance verification
19 database to verify compliance with the requirements of section
20 321.20B.

21 b. To assist in reducing the number of uninsured motor
22 vehicles on the highways of the state.

23 c. To assist in increasing compliance with motor vehicle
24 registration requirements and for other law enforcement
25 purposes.

26 d. To assist in protecting the bona fide security interests
27 of financial institutions in motor vehicles.

28 2. a. The department of transportation shall establish an
29 advisory council, chaired by the director of the department
30 of transportation or the director's designee, consisting
31 of six members including the director of the department of
32 transportation or the director's designee, a representative
33 of the department of public safety, an insurance company
34 representative appointed by the commissioner of insurance, an
35 insurance agent appointed by the commissioner of insurance, a

1 representative of a trade association of property and casualty
2 insurers appointed by the commissioner of insurance, and
3 a representative of a vendor with experience implementing
4 real-time internet services models and databases similar to the
5 database created under this chapter appointed by the director
6 of the department of transportation.

7 *b.* The advisory council shall do all of the following:

8 (1) Make recommendations to the department on the best
9 methods and practices for implementing a real-time internet
10 services model for motor vehicle insurance verification.

11 (2) Develop a guide for insurers detailing the data fields
12 and other information necessary for compliance with this
13 chapter.

14 (3) Provide an annual report to the department detailing
15 the improvements and implementation efforts relating to
16 motor vehicle insurance verification in other states for
17 consideration in improving compliance and operations in this
18 state.

19 3. Following the competitive bidding procedures as provided
20 in chapter 8A, subchapter III, the department shall contract
21 with a third party to act as the department's designated agent
22 for administration of this chapter. For the period of the
23 contract, the designated agent shall establish and maintain a
24 computer database containing all of the following:

25 *a.* Information provided by insurers under section 321B.4.

26 *b.* Information provided by the department under subsection
27 6.

28 *c.* Information obtained using a real-time internet services
29 model.

30 *d.* Any other information provided by the department pursuant
31 to this chapter.

32 4. The database shall be developed and maintained, and
33 access to a real-time internet services model shall be
34 provided, in accordance with guidelines established by the
35 department by rule to allow authorized state and local law

1 enforcement agencies and financial institutions to efficiently
2 access the records of the database and real-time internet
3 services model, including reports useful for the implementation
4 of this chapter, twenty-four hours per day, seven days
5 per week, subject to reasonable allowances for scheduled
6 maintenance or temporary system failures.

7 *a.* Database reports must be in a form and contain
8 information approved by the department.

9 *b.* Database reports may be made available through the
10 department's internet site or through other electronic media
11 if the department determines that sufficient security is
12 provided to ensure compliance with the provisions of this
13 chapter regarding limitations on disclosure of information in
14 the database.

15 *c.* The department shall consult with the chief information
16 officer for the purpose of developing network security
17 requirements for the database.

18 5. At least monthly, the designated agent shall do the
19 following, using information provided by the department:

20 *a.* Update the database with motor vehicle insurance
21 information provided by insurers in accordance with section
22 321B.4.

23 *b.* Compare all current motor vehicle registrations against
24 the database. If records in the database indicate that a
25 registered motor vehicle is not covered under an owner's
26 policy of liability insurance, the designated agent shall
27 use a real-time internet services model to determine if the
28 registered motor vehicle is covered under an owner's policy of
29 liability insurance.

30 6. On or before the seventh day of each calendar month, the
31 department shall provide the designated agent with the make,
32 model, year, and vehicle identification number of each vehicle
33 in the department's motor vehicle database, and the name and
34 address of each person listed on each vehicle's registration.

35 7. The department shall adopt rules pursuant to chapter

1 17A establishing procedures for the use of the department's
2 motor vehicle database for the purposes of administering and
3 enforcing this chapter.

4 8. a. The designated agent shall archive database files at
5 least semiannually for auditing purposes.

6 b. The department shall audit the program at least annually.
7 The audit shall include verification of:

8 (1) Billings made by the designated agent.

9 (2) The accuracy of the designated agent's matching of
10 vehicle registration records with insurance data.

11 Sec. 4. NEW SECTION. 321B.3 **Enforcement of financial**
12 **responsibility requirements — penalty.**

13 1. If records in the database and the real-time internet
14 services model used by the designated agent indicate that a
15 registered motor vehicle is not covered under an owner's policy
16 of liability insurance for two consecutive months, at the
17 direction of the department the designated agent shall provide
18 notice by first-class mail to the owner of the motor vehicle
19 that the owner has fifteen days from the date the notice was
20 mailed to provide one of the following:

21 a. Proof of financial liability coverage as defined in
22 section 321.1.

23 b. Proof that the owner is exempt from the requirement to
24 maintain proof of financial liability coverage under section
25 321.20B.

26 2. If, after fifteen days, the owner of the motor vehicle
27 fails to provide satisfactory proof of financial liability
28 coverage, the designated agent shall provide a second notice
29 by first-class mail to the owner of the motor vehicle allowing
30 the owner an additional fifteen days from the date the second
31 notice was mailed to provide the information requested under
32 subsection 1.

33 3. a. The designated agent shall update the database
34 regarding each notice sent to a motor vehicle owner under
35 subsections 1 and 2, indicating the information provided by the

1 motor vehicle owner or the owner's failure to provide proof of
2 financial liability coverage, as applicable.

3 *b.* If the owner of a motor vehicle provides proof to the
4 department or the designated agent that the owner's motor
5 vehicle is covered by an acceptable form of financial liability
6 coverage described in section 321.1, subsection 24B, paragraph
7 "b", "c", or "d", the information shall be recorded in the
8 database.

9 *c.* If the designated agent determines the motor vehicle
10 is appropriately insured using a real-time internet services
11 model, the information shall be recorded in the database.

12 4. *a.* If the owner of a motor vehicle fails to provide
13 proof of financial liability coverage following receipt of the
14 second notice under subsection 2, the designated agent shall
15 notify the department, and the department shall suspend the
16 registration of the motor vehicle.

17 *b.* The department shall provide to the owner of the motor
18 vehicle appropriate notice of the suspension, order the owner
19 to surrender the registration plates and registration receipt
20 for the vehicle to the county treasurer, advise the owner of
21 the legal consequences of operating a vehicle with a suspended
22 registration and without financial liability coverage, and
23 instruct the owner on how to reinstate the vehicle registration
24 once the owner has obtained financial liability coverage for
25 the vehicle.

26 5. *a.* A person shall not provide a false or fraudulent
27 statement to the department or the department's designated
28 agent in regard to proceedings under this chapter.

29 *b.* In addition to any other penalties, a person who violates
30 paragraph "a" is guilty of a simple misdemeanor.

31 6. A suspension of registration under this chapter is in
32 addition to any other penalty imposed by law. This chapter
33 does not affect other actions or penalties that may be taken or
34 imposed for a violation of section 321.20B or other law.

35 7. *a.* A registration that has been suspended under this

1 section shall not be reinstated and a registration shall not be
2 issued to the holder of the suspended registration until the
3 person does all of the following:

4 (1) Pays to the department an administrative reinstatement
5 fee of one hundred dollars, in addition to any other penalty
6 imposed by law.

7 (2) Complies with the requirements of section 321.20B and
8 this chapter.

9 *b.* (1) Eighty-five percent of reinstatement fees collected
10 under this subsection shall be retained by the department as
11 repayment receipts as defined in section 8.2 and shall be used
12 exclusively to offset the costs of administering the program,
13 including payments made by the department to the department's
14 designated agent.

15 (2) Fifteen percent of the reinstatement fees collected
16 under this subsection shall be paid monthly to the treasurer
17 of state and deposited in the emergency medical services fund
18 created in section 135.25.

19 **Sec. 5. NEW SECTION. 321B.4 Motor vehicle insurance**
20 **reporting — penalty.**

21 1. *a.* Except as provided in paragraph "b", each insurer
22 that issues a policy to a motor vehicle owner in this state
23 that includes motor vehicle liability coverage, uninsured
24 motorist coverage, underinsured motorist coverage, or
25 personal injury coverage shall, on or before the seventh
26 and twenty-first days of each calendar month, submit to the
27 department's designated agent a record of each motor vehicle
28 insurance policy that was issued by the insurer and in effect
29 for a vehicle registered or garaged in this state as of the
30 date of the previous submission.

31 *b.* An insurer is not required to provide a record of a motor
32 vehicle insurance policy under paragraph "a" if the policy
33 covers a vehicle that is registered under chapter 326.

34 *c.* This subsection does not preclude more frequent
35 reporting.

1 2. A record provided by an insurer under subsection 1,
2 paragraph "a", must include all of the following:

3 a. The name, date of birth, and driver's license number, if
4 the insured provides a driver's license number to the insurer,
5 of each insured owner or operator, and the address of the named
6 insured.

7 b. The make, year, and vehicle identification number of each
8 insured vehicle.

9 c. The policy number and effective date of each policy.

10 3. An insurer shall provide the information required under
11 this section via electronic means or via another means the
12 designated agent agrees to accept.

13 4. a. The department may assess a civil penalty of not more
14 than two hundred fifty dollars for each day an insurer fails to
15 comply with this section.

16 b. If an insurer shows that the failure to comply with this
17 section was inadvertent, accidental, or the result of excusable
18 neglect, the department may waive the civil penalty.

19 c. An insurer that discloses records to the department's
20 designated agent in a reasonable, good-faith effort to comply
21 with the requirements of this section shall not be subject to a
22 civil penalty under paragraph "a".

23 d. Civil penalties collected under this subsection shall be
24 deposited in the road use tax fund.

25 **Sec. 6. NEW SECTION. 321B.5 Disclosure of database**
26 **information — penalty.**

27 1. Information provided to the designated agent and
28 information contained in the database under this chapter are
29 confidential and subject to the provisions and penalties of 18
30 U.S.C. §2721. Such information may not be disclosed, except
31 as follows:

32 a. For the purpose of investigating, litigating, or
33 enforcing the financial liability coverage requirements
34 of section 321.20B, the designated agent shall provide an
35 electronic record to a state or local government agency or

1 court verifying motor vehicle financial liability coverage
2 information.

3 *b.* For the purpose of investigating, litigating, or
4 enforcing the financial liability coverage requirements of
5 section 321.20B, the designated agent shall, upon request,
6 issue to any state or local government agency or court a
7 certificate documenting motor vehicle financial liability
8 coverage, according to the database, of a specific individual
9 or motor vehicle for the time period designated by the
10 government agency or court.

11 *c.* Upon request, the department or its designated agent
12 shall disclose whether an individual is covered under a motor
13 vehicle insurance policy, proof of the insurance coverage
14 policy, and the insurance company name to:

15 (1) The individual or, if the individual is deceased,
16 any person who is an interested party in the estate of the
17 individual as provided under chapter 633.

18 (2) The parent or legal guardian of the individual if the
19 individual is an unemancipated minor.

20 (3) The legal guardian of the individual if the individual
21 is legally incapacitated.

22 (4) A person who has power of attorney for the individual.

23 (5) A person who submits a notarized release from the
24 individual dated no more than ninety days before the date the
25 request is made.

26 (6) A person suffering loss or injury in a motor vehicle
27 accident in which the individual was involved, but only as part
28 of an accident report as authorized in section 321.271 relating
29 to access to accident reports.

30 *d.* For the purpose of investigating, enforcing, or
31 prosecuting laws or issuing citations, information related to a
32 motor vehicle owner or operator's financial liability coverage
33 under section 321.20B may be provided to state or local law
34 enforcement agencies.

35 *e.* Upon request of a peace officer acting in an official

1 capacity under the provisions of paragraph "d", the department
2 or the designated agent shall, upon request, disclose relevant
3 information contained in the database.

4 *f.* For the purpose of the state auditor conducting audits
5 of the program.

6 *g.* Upon request of a financial institution for the purpose
7 of protecting the financial institution's bona fide security
8 interest in a motor vehicle.

9 2. *a.* The department may allow the designated agent to
10 prepare and deliver, upon request, a report on the insurance
11 information of a person or motor vehicle in accordance with
12 this section. The report may be in the form of:

13 (1) A certified copy that is considered admissible in any
14 court proceeding in the same manner as the original.

15 (2) Information accessible through the internet or through
16 another electronic medium if the department determines that
17 sufficient security is provided to ensure compliance with this
18 section.

19 *b.* The department may allow the designated agent to charge a
20 fee established by the department for each of the following:

21 (1) Authenticating a document, including preparation and
22 delivery of a certified copy.

23 (2) Accessing a record through the internet or through
24 another electronic medium.

25 (3) Providing a record to a financial institution under
26 subsection 1, paragraph "g".

27 3. The designated agent or any other person who knowingly
28 releases or discloses information from the database for a
29 purpose other than those authorized in this section or to a
30 person who is not entitled to such information is guilty of a
31 class "D" felony.

32 4. Neither the state nor the department's designated agent
33 shall be liable to any person for gathering, managing, or
34 using the information in the database in compliance with this
35 chapter.

1 5. The designated agent shall be responsible for
2 maintaining and securing the information in the database
3 provided by the department and insurers under sections 321B.2
4 and 321B.4.

5 6. An insurer acting in compliance with this chapter shall
6 not be liable to any person for the disclosure of information
7 supplied to the department or designated agent. The designated
8 agent shall indemnify an insurer against any loss arising from
9 the disclosure of information supplied to the department or
10 designated agent, provided the insurer supplied the information
11 to the department or designated agent in a manner that complies
12 with this chapter and rules adopted pursuant to this chapter.
13 Records provided by an insurer under this chapter shall be
14 deemed evidence of insurance and not a guarantee of insurance.

15 Sec. 7. EFFECTIVE DATE. This Act takes effect July 1, 2025.

16 EXPLANATION

17 The inclusion of this explanation does not constitute agreement with
18 the explanation's substance by the members of the general assembly.

19 This bill establishes a motor vehicle insurance verification
20 program (program) to be administered by the department of
21 transportation (DOT). Following the appropriate competitive
22 bidding procedures, the DOT is required to contract with
23 a third party to act as the DOT's designated agent for
24 administration of the program.

25 The bill requires the DOT to establish an advisory council
26 to make recommendations to the DOT on the best methods and
27 practices for implementing a real-time internet services model
28 for insurance verification, to assist in the development of
29 a guide for insurers detailing the data fields and other
30 information necessary for compliance with the bill, and to
31 provide an annual report to the DOT detailing the improvements
32 and implementation efforts relating to insurance verification
33 in other states for consideration in improving compliance and
34 operations in this state.

35 The designated agent is required to establish and maintain a

1 database containing information from insurers relating to motor
2 vehicle insurance coverage for registered motor vehicles, motor
3 vehicle identification information, personal identification
4 information for registered owners of motor vehicles, and any
5 other information provided to the designated agent by the DOT.
6 At least monthly, the designated agent must update the database
7 and compare current motor vehicle registrations with updated
8 insurance information. If records in the database indicate
9 that a registered motor vehicle is not covered under an owner's
10 policy of liability insurance, the bill requires the designated
11 agent to use a real-time internet services model to determine
12 if the registered motor vehicle is covered under an owner's
13 policy of liability insurance. The files in the database
14 must be archived semiannually and audited by the DOT at least
15 annually.

16 If database records and the real-time internet services
17 model show that a registered motor vehicle is not covered under
18 an owner's policy of liability insurance for two consecutive
19 months, the designated agent is required to send a notice
20 to the owner requiring the owner to respond within 15 days
21 by providing proof of financial liability coverage or proof
22 that the owner is exempt from the requirement to maintain
23 financial liability coverage. If the owner fails to respond,
24 a second notice must be sent. If the owner does not respond
25 to the second notice, the owner's motor vehicle registration
26 must be suspended by the DOT and the owner is required to
27 surrender the registration plates and registration receipt for
28 the vehicle to the county treasurer. In order to reinstate
29 the registration for the vehicle, the owner must comply with
30 financial responsibility requirements and pay an administrative
31 fee of \$100. The bill provides that 85 percent of the fees
32 collected are to be used by the DOT exclusively to offset the
33 costs of administering the program, including payments made
34 to the designated agent. In addition, 15 percent of the fees
35 collected are deposited in the emergency medical services

1 fund created in Code section 135.25. That fund is used to
2 assist counties by matching moneys spent for the acquisition of
3 equipment for the provision of emergency medical services and
4 by providing grants for education and training in the delivery
5 of emergency medical services.

6 The bill provides that if a motor vehicle is covered by a
7 form of financial liability coverage other than an insurance
8 policy, or if a real-time internet services model indicates a
9 vehicle is appropriately insured, that fact shall be noted in
10 the database.

11 The bill prohibits a person from providing false or
12 fraudulent information to the DOT or the DOT's designated
13 agent in relation to the motor vehicle insurance verification
14 program. A violation of this provision is a simple
15 misdemeanor. A simple misdemeanor is punishable by confinement
16 for no more than 30 days and a fine of at least \$105 but not
17 more than \$855.

18 The bill requires each insurer that issues a policy to the
19 owner of a motor vehicle that includes motor vehicle liability
20 coverage, uninsured motorist coverage, underinsured motorist
21 coverage, or personal injury coverage to, before the 7th and
22 the 21st of each month, provide the DOT's designated agent with
23 a record of each motor vehicle insurance policy issued by the
24 insurer and in effect for vehicles registered or garaged in
25 the state as of the date of the previous submission. Vehicles
26 subject to apportioned registration under Code chapter 326 are
27 not included in this requirement. Insurers that fail to comply
28 with the reporting requirement may be assessed a civil penalty
29 of \$250 per day. Civil penalties collected under the bill are
30 deposited in the road use tax fund. However, the DOT may waive
31 the penalty upon a showing that the failure was inadvertent,
32 accidental, or the result of excusable neglect. An insurer
33 that discloses records to the DOT's designated agent in a
34 reasonable, good-faith effort to comply with the bill is not
35 subject to the penalty.

1 Information contained in the database is confidential, but
2 the bill provides exceptions for certain disclosures, including
3 disclosures to state or local government agencies and courts
4 for specified purposes, to individuals and certain other
5 authorized persons, for purposes of an accident investigation,
6 to law enforcement agencies and peace officers for certain
7 official purposes, to the state auditor, and to financial
8 institutions with a security interest in a motor vehicle.
9 The designated agent may be authorized by the DOT to provide
10 certified copies or electronic records, as appropriate, and to
11 charge a fee for the provision of records and authentication
12 of documents.

13 A person, including the designated agent, who knowingly
14 releases or discloses information from the database for a
15 purpose other than those authorized in the bill or to a person
16 who is not entitled to such information is guilty of a class
17 "D" felony. A class "D" felony is punishable by confinement
18 for no more than five years and a fine of at least \$1,025 but
19 not more than \$10,245.

20 The bill provides that the state and the DOT's designated
21 agent are not liable to any person for gathering, managing, or
22 using the information in the database in compliance with the
23 bill. The bill further provides that the designated agent is
24 responsible for maintaining and securing the information in the
25 database provided by the DOT and insurers, and insurers acting
26 in compliance with the bill are not liable to any person for
27 the disclosure of information supplied to the DOT or designated
28 agent. The designated agent is required to indemnify an
29 insurer against any loss arising from a disclosure, provided
30 the insurer supplied the information in compliance with the
31 bill.

32 The bill takes effect July 1, 2025.